

BRUCK SILK MILLS LIMITED



Financial Statement

31st October
1934



Mills at
COWANSVILLE, P.Q.

Sales Offices at

MONTREAL
VANCOUVER

TORONTO

WINNIPEG
LONDON, ENG.

PURVIS HALL
LIBRARIES

JAN 19 1946

McGILL UNIVERSITY

BRUCK SILK MILLS LIMITED

Throwsters - Weavers

Dyers - Finishers

Silk Printers



Mills at

COWANSVILLE, P.Q.

Sales Offices at

MONTREAL
VANCOUVER

TORONTO

WINNIPEG
LONDON, ENG.

Officers



President and Treasurer

I. I. BRUCK, Montreal

Secretary

L. S. LEE, Montreal

Assistant Secretary

D. M. DELAHEY, Montreal

Directors

I. I. BRUCK	-	-	-	-	-	-	-	-	Montreal
WILLIAM M. CHADBOURNE	-	-	-	-	-	-	-	-	New York
W. R. G. HOLT	-	-	-	-	-	-	-	-	Montreal
L. S. LEE	-	-	-	-	-	-	-	-	Cowansville
LT.-COL. C. N. MONSARRAT	-	-	-	-	-	-	-	-	Montreal
D. W. PARTRIDGE	-	-	-	-	-	-	-	-	Montreal
WALLACE B. PHILLIPS	-	-	-	-	-	-	-	-	London, Eng.
T. G. POTTER	-	-	-	-	-	-	-	-	Montreal

Bankers

BANK OF MONTREAL
NATIONAL CITY BANK OF NEW YORK

Auditors

MACINTOSH, COLE & ROBERTSON, Montreal

Trustee and Transfer Agent

MONTREAL TRUST COMPANY, Montreal

Registrar

THE CANADIAN TRUST COMPANY, Montreal

Head Office

460 St. Catherine St. West, Montreal

MONTREAL, QUE.,

November 23rd, 1934.

TO THE SHAREHOLDERS,

BRUCK SILK MILLS LIMITED.

GENTLEMEN:—

It is with pleasure that I present the annual financial statement of your Company for the fiscal year ended October 31st, 1934. The accounts have been prepared in accordance with the Companies Act (Canada), 1934. The period under review was a trying one, characterized by declining prices for raw materials to levels below those of a year ago, and by garment workers' strikes which resulted in slowing up in demand during the early Fall.

SALES AND EARNINGS.—By observing careful operating practices, your Company was able to effect a substantial improvement in its business, sales increasing in volume by 258,127 yards and in value by \$157,767. Gross trading profit increased to \$526,052, compared with \$477,831 in the previous year, \$306,496 in 1931-32 and \$292,961 in 1930-31. After deducting all expenses, bond interest, bond discount and depreciation, net earnings were \$214,227, compared with \$178,127 one year ago and \$30,258 two years ago. This, before reserve for income tax, is equal to \$1.90 earned on 112,500 shares (the average on which dividends were paid during the year), as compared with \$1.78 and 30c a share respectively in the two preceding years.

DIVIDEND PAYMENTS.—During the year four quarterly dividends of 25c each, totalling \$1 per share, were disbursed. After deduction of these and tax reserve of \$29,994, a balance of \$71,733 was carried into earned surplus, raising that item to \$624,108. At a meeting on November 23rd, 1934, your Directors declared, in addition to a dividend of 25c per share, an extra dividend of 5c per share, both payable January 15th, 1935, to shareholders of record at the close of business December 15th, 1934.

BALANCE SHEET.—The balance sheet shows satisfactory liquid resources, freedom from bank loans and kindred obligations, substantial depreciation reserve and elimination of contingent liabilities.

LIQUID RESOURCES.—As at October 31st, 1934, net working capital of your Company amounted to \$830,535, an increase from \$420,720 one year earlier and from \$333,733 two years earlier. Current assets of \$891,357 exceeded current liabilities of \$60,822 in ratio of 14.66 to 1 as compared with 9.22 to 1 in 1932-33 and 4.46 to 1 in 1931-32. Net working capital equalled \$6.64 per share on outstanding capital as against \$4.21 per share the year previous. Cash, call loans and accounts receivable represented 47.24% of net working capital compared with only 29.46% in 1933. Inventories of \$460,373 (taken at the lower of cost or market), while being up in the year from \$314,106, represented a much smaller percentage of net working capital, being 55.43% this year, compared with 74.66% in 1933.

DEPRECIATION RESERVE.—Your Directors have continued their policy and have charged out of earnings \$84,204 to depreciation of plant and equipment.

FIXED ASSETS.—In the balance sheet trademarks, processes, etc., are now shown separately at \$105,176. This item, since the inception of your Company, had been included with other fixed assets.

ADDITIONS TO PLANT.—During the past year your management made further important additions to plant and equipment, including installation of a number of automatic looms. Your plant now stands at peak efficiency; a thoroughly modern unit as to layout, equipment and other facilities. During the year expenditures on buildings and equipment were \$185,677. The power plant and steam-boiler installation has functioned with utmost satisfaction and economy.

SUCCESSFUL FINANCING.—In April, 1934, your Company availed itself of an opportunity to complete new financing on satisfactory terms. Authorized capital was raised to 150,000 shares and 25,000 of the additional shares were sold privately at \$18 per share to provide \$450,000 cash. All of this new money was paid into the treasury.

This transaction was completed in the interest and for the benefit of your Company which obtained full advantage from it, there being no commissions paid or other considerations involved. This transaction was carried out when money was difficult to obtain and most corporations had to carry on with their own resources, bank overdrafts or loans. On the basis of the current dividend of \$1 per annum, the money costs your Company only 5.55%. From the balance sheet you will observe that the funds thus raised have remained substantially in the treasury, expressed by large increases in cash, receivables and net working capital. The presence of

these large liquid resources should be especially reassuring to the shareholders.

FUNDED DEBT REDUCED.—The policy of gradual reduction of funded debt was continued, and during the year \$9,500 par value of your Company's bonds were repurchased and retired, leaving a balance of \$454,100 outstanding of the original issue of \$550,000. While Company resources are sufficient to retire the balance of the issue, your Directors feel that under prevailing conditions the best interests of your Company will be served by maintaining cash resources at the highest possible level.

CONCLUSION.—The current fiscal year holds out good promise for continuation of substantial profits and further development of business. Your Company has reached a position of leadership in style and quality in the field of fine fabrics, and in its novelty lines particularly is meeting wide recognition in the trade.

I would like to take this opportunity to express appreciation for the co-operation, efficiency and loyalty which your entire staff has displayed throughout the year.

Submitted on behalf of the Board.

I. I. BRUCK,
President.

FINANCIAL STATEMENT

BRUCK SILK

Balance Sheet as at

ASSETS

CURRENT ASSETS:—

Cash on Hand and in Banks.....	\$ 44,571.01	
Cash on Call Loan (Secured).....	100,000.00	
Cash Surrender Value of \$325,000.00 Life Assurance.....	32,345.26	
Deposit with Insurance Underwriters.....	6,273.28	
Trade Accounts Receivable.....	247,794.95	
Inventories, valued at cost or market whichever was the lower, as determined by the Management.....	460,372.54	
		\$891,357.04

Investments at Cost, including Bonds of the Company purchased.....	5,707.50
Cash in Sinking Fund.....	304.75

DEFERRED CHARGES:—

Prepaid Insurance.....	\$1,742.18	
Discount on Bonds.....	2,917.25	
		4,659.43

PLANT INVESTMENT:—

Land, Buildings, Plant, Machinery, Furniture and Fixtures.....	\$1,370,462.35	
At value of \$377,046.61 as appraised on 1st Nov., 1924, by Canadian Appraisal Co. Ltd., plus cost of subsequent additions.		
LESS:—Reserve for Depreciation.....	436,778.18	
		933,684.17

Trademarks, Processes, etc.....	105,176.15
	<u>\$1,940,889.04</u>

Signed on behalf of the Board:

(Signed) ISAAC I. BRUCK }
 (Signed) L. S. LEE } DIRECTORS.

MILLS LIMITED

31st October, 1934

LIABILITIES

CURRENT LIABILITIES:—

Accounts Payable.....	\$28,625.49	
Reserve for Income Taxes.....	32,196.30	
		\$60,821.79

FUNDED DEBT:—

6½% FIRST MORTGAGE BONDS:—

Authorized.....	\$1,000,000.00	
Issued.....	\$550,000.00	
LESS.—Redeemed and Cancelled.....	95,900.00	
		454,100.00

CAPITAL:—

NO PAR VALUE COMMON STOCK:—

Authorized.....	150,000 Shares	
Issued and Outstanding ..	125,000 Shares	\$787,500.00

RESERVE FOR CONTINGENCIES..... 14,359.15

EARNED SURPLUS AS AT 31ST

OCTOBER, 1934.....	624,108.10	
		1,425,967.25

\$1,940,889.04

MONTREAL—22ND NOVEMBER, 1934.

We have audited the Books and Accounts of Bruck Silk Mills Limited for the year ended 31st October, 1934. Having obtained all the information and explanations we have required, we certify that in our opinion the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of our information and the explanations given to us and as shown by the Books of the Company.

(Signed) MACINTOSH, COLE & ROBERTSON,
Chartered Accountants.

Macintosh, Cole & Robertson

BRUCK SILK

Statement of Income and Expend

GROSS PROFIT FROM TRADING.....

Selling, Delivery, Administration and other Expenses.....

Directors' Fees.....

Bond Interest.....

Bond Discount Amortized.....

DEPRECIATION:—

Plant, Machinery and Equipment.....

Buildings.....

Furniture and Fixtures.....

Reserve for Income Tax.....

Dividend received on Investment.....

PROFIT FOR YEAR.....

Statement of Earned Surplus

Balance at Credit, 31st October, 1933.....

Profit for Year to 31st October, 1934.....

Dividends paid during Year.....

BALANCE AT CREDIT, 31ST OCTOBER, 1934.....

MILLS LIMITED

ture for year ended 31st October, 1934

.....		\$526,051.79
.....	\$194,650.99	
.....	880.00	
.....	30,134.00	
.....	2,000.00	227,664.99
		\$298,386.80
.....	\$74,920.53	
.....	8,109.73	
.....	1,173.34	
	\$84,203.60	
.....	29,994.12	114,197.72
		\$184,189.08
.....		44.00
.....		\$184,233.08

Account as at 31st October, 1934

.....	\$552,375.02
.....	184,233.08
	\$736,608.10
.....	112,500.00
.....	\$624,108.10

Macintosh, Cole & Robertson

